

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA



**FILED**

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**A2305001**

In the Matter of the Application of SAN  
GABRIEL VALLEY WATER COMPANY  
(U337W) for an authorized Cost of Capital for  
2024 through 2026

Application No. \_\_\_\_\_

**APPLICATION**

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OF THE STATE OF CALIFORNIA

In the Matter of the Application of SAN  
GABRIEL VALLEY WATER COMPANY  
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**APPLICATION**

In accordance with Article 2 and Rule 3.2 of the Rules of Practice and Procedure (“Rules”) of the California Public Utilities Commission (“Commission”), as directed by the Commission in decision “D.” 07-05-062,<sup>1</sup> and the letter of Executive Director Rachel Peterson, dated March 25, 2022,<sup>2</sup> San Gabriel Valley Water Company (“San Gabriel” or “Company”) files this application pursuant to Section 454 *et seq.* of the California Public Utilities Code for an authorized cost of capital for the period beginning January 1, 2024, through December 31, 2026.

San Gabriel respectfully requests that the Commission find reasonable and authorize the following cost of capital, including cost of debt, cost of equity capital, and capital structure:

	Capital <u>Ratios</u>	<u>Cost</u>	Weighted <u>Cost</u>
Long-Term Debt	35.05%	4.99%	1.75%
Common Stock Equity	64.95%	10.65%	6.92%
Totals	100.00%		8.67%

Based on adopted water sales levels and revenue requirements at the time of this Application, the proposed 8.67% return on rate base will require additional annual revenues in 2024 as follows:

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<sup>1</sup> *Order Instituting Rulemaking to Consider Revisions to the General Rate Case plan for Class A Water Companies.* D.07-05-062, adopted May 24, 2007, at 15 and Ordering Paragraph Nos. 4 and 5.

<sup>2</sup> Granting requests for a one-year extension of the deadline for filing this application to May 1, 2023.

<u>Division</u>	<u>Increase</u>	<u>Percentage</u>
Los Angeles County	\$2,290,000	2.5%
Fontana Water Company	\$2,200,000	2.4%

In accordance with existing Commission procedures, if the Water Cost of Capital Adjustment Mechanism (“WCCM”) is triggered by any significant changes in interest rates, thereby requiring a specified rate change, San Gabriel proposes to implement the corresponding water rates for Calendar Years 2025 and 2026 by submitting a Tier 2 advice letter by October 15 of the preceding year, requesting rate adjustments effective on January 1 of the relevant year.

## **I. THE APPLICANT**

### **A. Incorporation and Place of Business**

The exact legal name of Applicant is San Gabriel Valley Water Company and its principle place of business is located at 11142 Garvey Avenue, El Monte, California. Its telephone number is (626) 448-6183 and its facsimile number is (626) 448-5530.

San Gabriel is a corporation duly organized and existing under and by virtue of the laws of the State of California. A certified copy of San Gabriel’s Articles of Incorporation was filed with this Commission on or about July 27, 1945, as an exhibit in Application No. 26877. Certified copies of amendments thereto were filed on August 19, 1957, in a supplement to Application No. 37092, on January 23, 1963, in Application No. 45131, and on October 26, 1979, in Application No. 59243. The Articles of Incorporation, as so amended, are by this reference made a part hereof.

### **B. Business**

San Gabriel is a California corporation engaged in the business of producing, treating, storing, distributing, and selling water in Los Angeles and San Bernardino Counties, as a public utility to 99,518 customers as of March 31, 2023, subject to the jurisdiction of the Commission. As of March 31, 2023, San Gabriel’s Los Angeles County division had 51,014 customers including private fire services, and the Fontana Water Company division had 48,504 customers including private fire services. For a more detailed description of San Gabriel’s business, reference is made to the results of operations, maps, rate schedules, financial reports, and other information heretofore filed by San Gabriel with the Commission in A.22-01-003, San Gabriel’s most recently-filed general rate case

(“GRC”), and which by this reference are made part of this Application.

C. Property

San Gabriel describes its property generally as composed of systems for the production, treatment, storage, distribution, and sale of water by its Los Angeles County division in Los Angeles County, California, and by its Fontana Water Company division in San Bernardino County, California. As to the original cost of property and equipment and related depreciation reserve, San Gabriel refers to its annual reports filed with the Commission for the years ending December 31, 2022, and prior thereto, and to the financial statement as of December 31, 2022, attached hereto as **ATTACHMENT A**.

D. Financial Information

In compliance with Rule 3.2(a)(1), San Gabriel’s balance sheet as of December 31, 2022, and its related statement of income for the twelve months then ended are attached hereto as **ATTACHMENT A** and made a part of this Application. The original cost of utility plant, together with the related reserves for depreciation and amortization, are shown on the balance sheet included in such financial statements.

San Gabriel’s capital stock is not listed on a national securities exchange, nor is the stock of San Gabriel’s parent company, Utility Investment Company. All of the outstanding stock of San Gabriel is held by Utility Investment Company pursuant to authority granted by the Commission in Decision No. 92806, dated March 17, 1981. Pursuant to D.93-09-036, San Gabriel has entered into a Services Agreement with its parent, Utility Investment Company. Other than the Services Agreement, San Gabriel is not a party to, nor does it know of any proposal to become a party to, any transaction with any person having a material financial interest that San Gabriel would be required to include in its annual report under the provisions of Section 2 of General Order No. 104-A.

## II. PROCEDURAL BACKGROUND

In its decision adopting the Revised Rate Case Plan,<sup>3</sup> the Commission directed the three large Class A water utilities to file cost of capital applications by May 1, 2008, and on a triennial basis thereafter, and directed the small Class A water utilities, including San Gabriel, to file cost of capital applications by May 1, 2009, and on a triennial basis thereafter.<sup>4</sup>

In its decision determining San Gabriel's cost of capital for the years 2013, 2014 and 2015,<sup>5</sup> the Commission directed San Gabriel, along with the other small Class A water utilities, to file its next cost of capital application no later than May 1, 2015. However, San Gabriel subsequently agreed to three one-year deferrals of this deadline as a condition to the Commission granting three one-year deferrals in the filing deadline for the large Class A water utilities. Accordingly, San Gabriel along with the other small Class A water utilities filed cost of capital applications on May 1, 2018.<sup>6</sup> Following protests by the Commission's Public Advocates Office and the Fontana Unified School District, submission of direct and rebuttal testimony, public participation hearings, and settlement discussions, the parties submitted a proposed settlement agreement which the Commission adopted in D.18-12-002. By that decision, the Commission approved the following capital structure and cost of capital for San Gabriel, effective January 1, 2019:

	Capital Ratios	Cost	Weighted Cost
Long-Term Debt	35.54%	6.17%	2.19%
Common Stock Equity	64.46%	9.20%	5.93%
Totals	100.00%		8.12%

The WCCM was not triggered by any significant changes in interest rates in 2019 or 2020, and thus San Gabriel's authorized cost of capital remains the same as that approved in D.18-12-002.

Based on the triennial filing schedule adopted by the Commission in the Revised Rate Case Plan, San Gabriel and the other small Class A water utilities were required to file their next cost of

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<sup>3</sup> D.07-05-062.

<sup>4</sup> *Id.*, p. 15, and Appendix A, p. 3.

<sup>5</sup> D.13-05-027.

<sup>6</sup> A.18-05-001 *et al.*

capital applications on or before May 1, 2021. However, San Gabriel and the other small water utilities requested and received two one-year deferrals of this deadline.

This Application is supported by schedules, testimony, exhibits, and workpapers on issues critical to the Commission's assessment of San Gabriel's cost of capital. These issues include business and financial risks, cost of new issues of long-term debt, interest rates and general economic conditions, capital structure, and required returns on the common equity capital San Gabriel has invested in facilities necessary to serve its customers.

### **III. FINANCIAL REQUIREMENTS**

#### **A. Return on Equity ("ROE")**

The financial requirements of San Gabriel include projections of the debt and equity capital components through calendar year 2026. San Gabriel's expert witness, Mr. Dylan D'Ascendis, CRRA, developed a range of estimated equity costs based on three common equity cost rate models applied to a proxy group of benchmark publicly traded water utilities. Mr. D'Ascendis' recommended common equity cost rate resulting from those methodologies and studies is shown in TABLES 1 and 2 of his prepared testimony, identified as **EXHIBIT SG-1**. Mr. D'Ascendis recommends a 10.65% ROE for San Gabriel, which takes into account all of the additional risk factors that Mr. D'Ascendis evaluated in developing his range of estimated equity costs, including risks borne by San Gabriel related to its small size and its dependence upon significantly and severely contaminated water supplies.

San Gabriel's requested 10.65% ROE is minimally sufficient to enable the Company to service its debt, to maintain healthy earnings and a strong capital structure, issue future long-term debt financing at rates and on terms favorable to the company and its customers, pay a reasonable dividend to its common stockholders, and have sufficient retained earnings to meet its growing, and often unexpected, utility plant and equipment replacement requirements.

#### **B. Long-Term Debt Costs**

The interest rates on new long-term debt issuances are based on the average of forecasted Long-Term Treasury Bond yields as reported by Blue Chip Financial Forecasts, December 2022, plus

a spread of 207 basis points. (See **EXHIBIT SG-3**, Prepared Testimony of Joseph D. Harris, ATTACHMENT A). This differential is consistent with the evaluation by insurance companies that purchase San Gabriel's bonds through private placements.

TABLE A of the Prepared Testimony of Joseph D. Harris, identified as **EXHIBIT SG-3**, shows the weighted average cost of long-term debt for the years 2024, 2025 and 2026, and the overall average for these years. TABLE B in **EXHIBIT SG-3** is a tabulation of San Gabriel's Series P through projected Series Y first mortgage bonds, and the weighted average cost of these bonds for the years 2023 through 2026.

#### C. Capital Structure

TABLE A in **EXHIBIT SG-3** shows San Gabriel's proposed average capital structure and cost of capital for the years 2024 through 2026.

TABLE C in **EXHIBIT SG-3** is a tabulation of the projected average common stock equity for the years 2024 through 2026. The projected growth in common stock equity results from the projected retained earnings based on the requested ROE and maintaining a reasonable payout rate on common stock equity.

### **IV. REVENUE REQUIREMENT AND ADJUSTMENTS**

San Gabriel proposes that any changes to its adopted revenue requirement resulting from the return on rate base adopted in this proceeding be made effective in rates by a Tier 1 compliance advice letter effective January 1, 2024; and, if triggered by the WCCM, by Tier 2 advice letter submitted by October 15 of the preceding year, effective on January 1, 2025 and/or on January 1, 2026, as applicable. In compliance with Rule 3.2(a)(2), **ATTACHMENT B** of this application contains San Gabriel's presently effective rates. In compliance with Rule 3.2(a)(5) and (6), **ATTACHMENT C** of this application contains the most recently adopted Summary of Earnings for San Gabriel's Los Angeles County and Fontana Water Company divisions, as well as for San Gabriel as a whole. Also presented in **ATTACHMENT C** are the revenue requirement and revenue increases to the presently adopted rates required to allow the proposed 8.67% return on rate base in Calendar Year 2024, as required by Rule 3.2(a)(3). In compliance with Rule 3.2(a)(10), San Gabriel states that the proposed

increase reflects only increased costs to the corporation for the services or commodities furnished by it.

## **V. NOTICE**

Drafts of customer notices for each division are included in **ATTACHMENT D**. San Gabriel will submit these draft notices to the Commission's Public Advisor for review and will comply with the notice requirements of Public Utilities Code Section 454(a), and Rules 3.2(b), 3.2(c), and 3.2(d) of the Commission's Rules of Practice and Procedure. San Gabriel will also post these notices on its websites [www.sgvwater.com](http://www.sgvwater.com) and [www.fontanawater.com](http://www.fontanawater.com).

## **VI. CATEGORY, HEARING, AND PROPOSED SCHEDULE**

The following is provided in accordance with the requirements of Rule 2.1(c) of the Commission's Rules of Practice and Procedure:

- (A) Category - Ratesetting.
- (B) Need for Hearing - San Gabriel anticipates that this application will require an evidentiary hearing.
- (C) Issues - The issues to be considered in this Application are: (1) San Gabriel's cost of capital for the years 2024 through 2026, including its cost of debt, its cost of equity capital, and its capital structure; and (2) continuation of the presently authorized Water Cost of Capital Mechanism for possible adjustment of San Gabriel's cost of equity and overall cost of capital for the years 2025 and 2026. This proceeding does not raise any safety issues.
- (D) Schedule - The proposed procedural schedule is as follows (all dates are 2023):

May 1	Application filed
May 4	Notice on Daily Calendar
June 5	Protests filed
June 12	Prehearing Conference
July 31	Public Advocates and intervenors serve testimony
August 21	Applicant serves rebuttal testimony
August 28	Formal settlement or mediation begins
September 11	Evidentiary hearings begin

October 9	Opening briefs filed
October 23	Reply briefs filed
November 10	Proposed Decision issued
December 1	Comments on Proposed Decision
December 11	Reply Comments on Proposed Decision
December 20	Final Decision adopted

## **VII. OTHER INFORMATION REQUIRED BY THE COMMISSION'S RULES OF PRACTICE AND PROCEDURE**

### **A. Correspondence and Communications**

Correspondence and communications regarding this application, and notices, orders, and other papers are to be addressed to and served upon the following:

Joel M. Reiker  
Vice President of Regulatory Affairs  
[jmreiker@sgvwater.com](mailto:jmreiker@sgvwater.com)

Alejandro Reyes  
General Counsel  
[arreyes@sgvwater.com](mailto:arreyes@sgvwater.com)

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Nossaman, LLP  
50 California Street, 34<sup>th</sup> Floor  
San Francisco, CA 94111-4799  
Telephone: (415) 398-3600  
Facsimile: (415) 398-2438

### **B. Minimum Data Requirements and Affordability Metrics**

**ATTACHMENT E** provides cross-references to the company exhibits, workpapers, and testimony for the Minimum Data Requirements for Utility Cost of Capital Applications, as required under the Revised Rate Case Plan, well as an analysis of Affordability Metrics, as required by D.22-08-023.

## **VIII. SERVICE**

San Gabriel will serve a copy of this Application upon the service list in A.22-01-003, its most recently-filed GRC.

## **IX. EXHIBITS AND TESTIMONY**

### **A. Attachments to Application**

- A. Financial Statements
- B. Present and Proposed Tariffs
- C. Summary of Earnings
- D. Draft Customer Notices
- E. Minimum Data Requirements and Affordability Metrics Index

### **B. Exhibits**

- SG-1: Direct Testimony of Dylan D'Ascendis, CRRA
- SG-2: Direct Testimony of Robert W. Nicholson
- SG-3: Direct Testimony of Joseph D. Harris

WHEREFORE, San Gabriel requests the Commission to issue its opinion and order herein:

1. Adopting a capital structure for San Gabriel consisting of 35.05% long-term debt and 64.95% common stock equity for 2024, 2025, and 2026;
2. Adopting a 10.65% cost of common equity for San Gabriel for 2024, 2025, and 2026;
3. Adopting a 4.99% cost of debt for San Gabriel for 2024, 2025, and 2026;
4. Adopting an 8.67% rate of return on rate base for San Gabriel for 2024, 2025, and 2026;
5. Authorizing any rate changes from this Application to be implemented by a Tier 1 compliance advice letter, effective January 1, 2024;
6. Maintaining the Water Cost of Capital Adjustment Mechanism as adopted in D.13-05-027 with the benchmark measurement period updated for the period covered by this case, with any necessary rate changes implemented by submitting a Tier 2 advice letter

by October 15 of the preceding year, requesting rate adjustments effective on January 1 of the relevant year; and

7. Granting such other and further relief which the Commission finds to be just and reasonable.

DATED at El Monte, California, this 1<sup>st</sup> day of May 2023.

SAN GABRIEL VALLEY WATER COMPANY

/s/ Joel M. Reiker

Joel M. Reiker  
Vice President of Regulatory Affairs

Alejandro Reyes, General Counsel  
San Gabriel Valley Water Company  
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STATE OF CALIFORNIA       )  
  )   SS  
COUNTY OF LOS ANGELES )

I, Joel M. Reiker, am Vice President of Regulatory Affairs for San Gabriel Valley Water Company, the Applicant in the foregoing Application; I have read said Application and know the contents thereof; and I certify that the same is true of my own knowledge, except as to the matters which are therein stated upon information or belief, and that as to those matters, I believe them to be true.

I certify under penalty of perjury that the foregoing is true and correct.

Executed at El Monte, California, on May 1, 2023.

  /s/ Joel M. Reiker    
Joel M. Reiker  
Vice President of Regulatory Affairs

**ATTACHMENT A**

SAN GABRIEL VALLEY WATER COMPANY  
Comparative Balance Sheet  
December 31, 2022  
(dollars in thousands)

	December 31, 2022	December 31, 2021	Increase (Decrease)
<u>ASSETS</u>			
UTILITY PLANT			
Gross Utility Plant	\$ 1,044,680	\$ 971,703	\$ 72,977
Less Accumulated Depreciation	<u>315,249</u>	<u>292,135</u>	<u>23,114</u>
Net Utility Plant	<u>729,431</u>	<u>679,568</u>	<u>49,863</u>
INVESTMENTS	<u>5,204</u>	<u>5,204</u>	<u>0</u>
CURRENT ASSETS			
Cash and Cash Equivalents	38,897	54,786	(15,889)
Accounts Receivable, net	21,300	20,065	1,235
Materials and Supplies	5,262	5,016	246
Other	<u>32,806</u>	<u>30,239</u>	<u>2,567</u>
Total Current Assets	<u>98,265</u>	<u>110,106</u>	<u>(11,841)</u>
DEFERRED DEBITS			
Prepaid Income Taxes	7,093	7,674	(581)
Other	<u>10,004</u>	<u>11,816</u>	<u>(1,812)</u>
Total Deferred Debits	<u>17,097</u>	<u>19,490</u>	<u>(2,393)</u>
	<u>\$ 849,997</u>	<u>\$ 814,368</u>	<u>\$ 35,629</u>
<u>LIABILITIES</u>			
CAPITALIZATION			
Common Stock	\$ 2,400	\$ 2,400	\$ 0
Capital Surplus	249	249	0
Retained Earnings	<u>317,364</u>	<u>292,773</u>	<u>24,591</u>
Common Stock Equity	<u>320,013</u>	<u>295,422</u>	<u>24,591</u>
Long-Term Debt	<u>140,000</u>	<u>147,000</u>	<u>(7,000)</u>
Total Capitalization	<u>460,013</u>	<u>442,422</u>	<u>17,591</u>
CURRENT LIABILITIES			
Accounts Payable	17,009	16,504	505
Accrued Expenses	4,936	7,711	(2,775)
Other	<u>24,151</u>	<u>23,059</u>	<u>1,092</u>
Total Current Liabilities	<u>46,096</u>	<u>47,274</u>	<u>(1,178)</u>
DEFERRED CREDITS			
Advances for Construction	38,387	39,267	(880)
Contributions in Aid of Construction	149,444	141,136	8,308
Deferred Income Tax	73,215	71,433	1,782
Other	<u>82,842</u>	<u>72,836</u>	<u>10,006</u>
Total Deferred Credits	<u>343,888</u>	<u>324,672</u>	<u>19,216</u>
	<u>\$ 849,997</u>	<u>\$ 814,368</u>	<u>\$ 35,629</u>

SAN GABRIEL VALLEY WATER COMPANY  
Comparative Statement of Income  
December 31, 2022  
(dollars in thousands)

	<u>12 Months To Date</u>		<u>December</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
OPERATING REVENUE	\$ <u>182,118</u>	\$ <u>175,875</u>	\$ <u>15,468</u>	\$ <u>12,931</u>
OPERATING EXPENSES				
Operation and Maintenance	108,473	107,940	8,508	9,592
Depreciation	17,722	16,514	1,054	1,345
Taxes Other Than Income Taxes	6,499	6,269	749	612
Income Taxes	<u>11,454</u>	<u>6,127</u>	<u>1,417</u>	<u>(4,918)</u>
Total Operating Expenses	<u>144,148</u>	<u>136,850</u>	<u>11,728</u>	<u>6,631</u>
OPERATING INCOME	<u>37,970</u>	<u>39,025</u>	<u>3,740</u>	<u>6,300</u>
OTHER (INCOME) AND DEDUCTIONS				
Other (Income) - Net	(749)	(497)	(215)	(67)
Interest on Long-Term Debt	6,837	6,958	537	593
Other Interest	6	6	1	1
Other - Net	<u>215</u>	<u>172</u>	<u>16</u>	<u>52</u>
Total Other (Income) and Deductions	<u>6,309</u>	<u>6,639</u>	<u>339</u>	<u>579</u>
NET INCOME	<u><u>31,661</u></u>	<u><u>32,386</u></u>	<u><u>\$ 3,401</u></u>	<u><u>\$ 5,721</u></u>

**ATTACHMENT B**

**SAN GABRIEL VALLEY WATER COMPANY**  
**LOS ANGELES COUNTY DIVISION**  
Present & Proposed Rates

	<u>Present</u>	<u>Proposed</u>
<u>Calculation of Required Revenue Increase/(Decrease)</u>		
Revenue Requirement	\$92,613,710	\$94,903,710
Less: Fixed Revenues	<u>\$8,733,191</u>	<u>\$8,733,191</u>
Tariffed Revenues	\$83,880,519	\$86,170,519
Proposed Increase/(Decrease)		\$2,290,000
%		2.7%

Quantity Rates

Schedule LA-1	\$4.1746	\$4.2886
LA-1C Tier 1 (0 - 11 Ccf)	\$4.0121	\$4.1216
LA-1C Tier 2 (Greater than 11 Ccf)	\$4.5398	\$4.6637
Schedule LA-6	\$3.5484	\$3.6453
Recycled Contract - Jose Munoz Nursery	\$2.6249	\$2.6966
Recycled Contract - City of Montebello (Grant Rea Park)	\$3.0733	\$3.1531
Recycled Contract - LACP&R (Whittier Narrows)	\$2.4288	\$2.4288
Recycled Contract - LACP&R (Golf Course)	\$3.3400	\$3.4300

Monthly Service Charges

¾ x ¾-inch meter	\$27.14	\$27.88
¾-inch meter	\$40.71	\$41.82
1-inch meter	\$67.86	\$69.71
1½-inch meter	\$135.69	\$139.39
2-inch meter	\$217.16	\$223.09
3-inch meter	\$407.06	\$418.17
4-inch meter	\$678.50	\$697.02
6-inch meter	\$1,352.00	\$1,388.91
8-inch meter	\$2,174.00	\$2,233.35
10-inch meter	\$3,120.00	\$3,205.18
12-inch meter	\$4,483.00	\$4,605.39
14-inch meter	\$5,970.00	\$6,132.99
2 2-inch meters	\$435.00	\$446.88
3 2-inch meters	\$651.00	\$668.77
4 2-inch meters	\$868.00	\$891.70
2 3-inch meters	\$814.00	\$836.22
3 3-inch meters	\$1,221.00	\$1,254.33
2 4-inch meters	\$1,357.00	\$1,394.05
3 4-inch meters	\$2,039.00	\$2,094.67
1 8, 1 2-inch meters	\$2,118.00	\$2,175.82
Private Fire Service (Sch. LA-4)	\$17.93	\$18.42
(rate per inch diameter of service connection)		

**SAN GABRIEL VALLEY WATER COMPANY**  
**FONTANA WATER COMPANY DIVISION**  
Present & Proposed Rates

	<u>Present</u>	<u>Proposed</u>
<u>Calculation of Required Revenue Increase/(Decrease)</u>		
Revenue Requirement	\$93,583,903	\$95,783,903
Less: Fixed Revenues	<u>\$477,176</u>	<u>\$477,176</u>
Tariffed Revenues	\$93,106,727	\$95,306,727
Proposed Increase/(Decrease)		\$2,200,000
%		2.4%

<u>Quantity Rates</u>		
Schedule FO-1	\$4.2667	\$4.3675
FO-1C Tier 1 (0 - 14 Ccf)	\$4.1069	\$4.2039
FO-1C Tier 2 (Greater than 14 Ccf)	\$4.6500	\$4.7599
Schedule FO-6	\$3.2000	\$3.2756
CEMEX USA - Contract	\$2.0913	\$2.1407
Recycled - Contract	\$1.8388	\$1.8388

<u>Monthly Service Charges</u>		
% x ¾-inch meter	\$20.61	\$21.10
¾-inch meter	\$30.89	\$31.62
1-inch meter	\$51.49	\$52.71
1½-inch meter	\$102.96	\$105.39
2-inch meter	\$164.73	\$168.62
3-inch meter	\$308.91	\$316.21
4-inch meter	\$514.78	\$526.94
6-inch meter	\$1,028.00	\$1,052.29
8-inch meter	\$1,651.00	\$1,690.01
10-inch meter	\$2,362.00	\$2,417.81
12-inch meter	\$3,402.00	\$3,482.39
2 2-inch meters	\$329.00	\$336.77
3 2-inch meters	\$494.00	\$505.67
4 2-inch meters	\$659.00	\$674.57
5 2-inch meters	\$824.00	\$843.47
2 3-inch meters	\$619.00	\$633.63
3 3-inch meters	\$926.00	\$947.88
2 4-inch meters	\$1,030.00	\$1,054.34
3 4-inch meters	\$1,545.00	\$1,581.51
1 8, 2 2-inch meters	\$1,977.00	\$2,023.71
2 8-inch meters	\$3,295.00	\$3,372.86
Private Fire Service (Sch. FO-4)	\$13.81	\$14.14
(rate per inch diameter of service connection)		

**ATTACHMENT C**

**SAN GABRIEL VALLEY WATER COMPANY**  
**LOS ANGELES COUNTY DIVISION**  
SUMMARY OF EARNINGS  
(\$000)

LOS ANGELES COUNTY DIVISION				
	Present <u>Adopted</u>	Proposed <u>Increase</u>	<u>%</u>	Proposed
Operating Revenues	\$92,613.7	\$2,290.0	2.5%	\$94,903.7
Operating Expenses				
Purchased Water & Assessments	\$24,548.3			\$24,548.3
Purchased Power	\$5,293.9			\$5,293.9
Chemicals	\$3,763.0			\$3,763.0
Payroll	\$6,806.7			\$6,806.7
Materials & Supplies	\$1,609.5			\$1,609.5
Transportation	\$959.7			\$959.7
Insuarance	\$1,341.7			\$1,341.7
Pensions & Benefits	\$2,983.1			\$2,983.1
Uncollectibles	\$67.8	\$1.9		\$69.7
Franchise Fees	\$830.0	\$22.7		\$852.7
Regulatory Commission Expense	\$396.8			\$396.8
Outside Services	\$1,996.3			\$1,996.3
Utilities & Rents	\$1,480.9			\$1,480.9
Miscellaneous Expense	\$1,146.8			\$1,146.8
Administrative Expense Transferred	(\$2,296.1)			(\$2,296.1)
Subtotal	\$50,928.5	\$24.5		\$50,953.0
Allocated Common Expenses	\$6,811.2			\$6,811.2
Total Operating Expense	\$57,739.7	\$24.5		\$57,764.3
Depreciation	\$8,141.4			\$8,141.4
Ad Valorem Taxes	\$2,293.5			\$2,293.5
Payroll Taxes	\$925.9			\$925.9
Total Expense before Income Taxes	\$69,100.5	\$24.5		\$69,125.0
Net Revenue Before Income Taxes	\$23,513.2	\$2,265.5		\$25,778.7
State Income Tax	\$838.7	\$291.5		\$1,130.2
Federal Income Tax	\$3,804.2	\$692.5		\$4,496.6
Total Expenses	\$73,743.4	\$1,008.5		\$74,751.9
Net Operating Revenues	\$18,870.3			\$20,151.9
Rate Base	\$232,528.1			\$232,528.1
Rate of Return	8.12%	0.55%		8.67%
Weighted Cost of Debt	2.19%			1.75%

**SAN GABRIEL VALLEY WATER COMPANY**  
**FONTANA WATER COMPANY DIVISION**  
SUMMARY OF EARNINGS  
(\$000)

FONTANA WATER COMPANY DIVISION				
	Present <u>Adopted</u>	Proposed <u>Increase</u>	<u>%</u>	<u>Proposed</u>
Operating Revenues	\$93,583.9	\$2,200.0	2.4%	\$95,783.9
Operating Expenses				
Purchased Water & Assessments	\$28,652.7			\$28,652.7
Purchased Power	\$6,603.9			\$6,603.9
Chemicals	\$784.0			\$784.0
Payroll	\$6,949.7			\$6,949.7
Materials & Supplies	\$1,131.6			\$1,131.6
Transportation	\$950.2			\$950.2
Insurance	\$1,390.9			\$1,390.9
Pensions & Benefits	\$3,190.7			\$3,190.7
Uncollectibles @ 0.1918%	\$178.6	\$4.2		\$182.8
Franchise Fees @ 0.6483%	\$603.6	\$14.3		\$617.8
Regulatory Commission Expense	\$454.4			\$454.4
Outside Services	\$1,491.4			\$1,491.4
Utilities & Rents	\$130.0			\$130.0
Miscellaneous Expense	\$697.9			\$697.9
Administrative Expense Transferred	(\$2,113.3)			(\$2,113.3)
Subtotal	\$51,096.4	\$18.5		\$51,114.9
Allocated Common Expenses	\$7,092.6			\$7,092.6
Total Operating Expense	\$58,189.0	\$18.5		\$58,207.5
Depreciation	\$9,550.6			\$9,550.6
Ad Valorem Taxes	\$2,253.5			\$2,253.5
Payroll Taxes	\$964.3			\$964.3
Total Expense before Income Taxes	\$70,957.4	\$18.5		\$70,975.9
Net Revenue Before Income Taxes	\$22,626.5	\$2,181.5		\$24,808.0
State Income Tax	\$707.6	\$280.8		\$988.4
Federal Income Tax	\$3,720.8	\$667.1		\$4,387.9
Total Expenses	\$75,385.8	\$966.4		\$76,352.2
Net Operating Revenues	\$18,198.1			\$19,431.7
Rate Base	\$224,244.1			\$224,244.1
Rate of Return	8.12%	0.55%		8.67%
Weighted Cost of Debt	2.19%			1.75%

**SAN GABRIEL VALLEY WATER COMPANY**  
**SUMMARY OF EARNINGS**  
(\$000)

	TOTAL COMPANY			
	Present <u>Adopted</u>	Proposed <u>Increase</u>	<u>%</u>	Proposed
Operating Revenues	\$186,197.6	\$4,490.0	2.4%	\$190,687.6
Operating Expenses				
Purchased Water & Assessments	\$53,201.0			\$53,201.0
Purchased Power	\$11,897.8			\$11,897.8
Chemicals	\$4,547.1			\$4,547.1
Payroll	\$13,756.4			\$13,756.4
Materials & Supplies	\$2,741.0			\$2,741.0
Transportation	\$1,910.0			\$1,910.0
Insuarance	\$2,732.6			\$2,732.6
Pensions & Benefits	\$6,173.8			\$6,173.8
Uncollectibles @ 0.1918%	\$246.4	\$6.1		\$252.5
Franchise Fees @ 0.6483%	\$1,433.6	\$36.9		\$1,470.5
Regulatory Commission Expense	\$851.2			\$851.2
Outside Services	\$3,487.7			\$3,487.7
Utilities & Rents	\$1,610.9			\$1,610.9
Miscellaneous Expense	\$1,844.8			\$1,844.8
Administrative Expense Transferred	(\$4,409.4)			(\$4,409.4)
Subtotal	\$102,024.9	\$43.0		\$102,067.9
Allocated Common Expenses	\$13,903.8			\$13,903.8
Total Operating Expense	\$115,928.7	\$43.0		\$115,971.7
Depreciation	\$17,692.0			\$17,692.0
Ad Valorem Taxes	\$4,547.0			\$4,547.0
Payroll Taxes	\$1,890.2			\$1,890.2
Total Expense before Income Taxes	\$140,057.9	\$43.0		\$140,100.9
Net Revenue Before Income Taxes	\$46,139.7	\$4,447.0		\$50,586.7
State Income Tax	\$1,546.3	\$572.3		\$2,118.6
Federal Income Tax	\$7,525.0	\$1,359.6		\$8,884.6
Total Expenses	\$149,129.2	\$1,974.9		\$151,104.1
Net Operating Revenues	\$37,068.4	\$2,515.1		\$39,583.5
Rate Base	\$456,772.2			\$456,772.2
Rate of Return	8.12%	0.55%		8.67%
Weighted Cost of Debt	2.19%			1.75%

**ATTACHMENT D**

*Para más información en cómo este cambio impactará su factura, llame al 626-448-6183.*

**NOTICE OF APPLICATION  
SAN GABRIEL VALLEY WATER COMPANY  
REQUEST TO INCREASE WATER RATES  
LOS ANGELES COUNTY DIVISION  
COST OF CAPITAL APPLICATION A.XX-XX-XXX**

**Why am I receiving this notice?**

On May 1, 2023, San Gabriel Valley Water Company (San Gabriel) filed its cost of capital Application A.XX-XX-XXX with the California Public Utilities Commission (CPUC). In the application, San Gabriel is requesting an increase in its cost of capital, which is the rate of return the utility is authorized to earn on its investments in critical infrastructure to deliver safe and reliable water service. If the CPUC approves this application, San Gabriel's total revenue requirement will increase by 2.4%, or \$4,490,000 beginning January 2024. This will impact your bill.

**Why is San Gabriel requesting this rate increase?**

- Every three years San Gabriel is required to file a cost of capital application with the CPUC.
- The cost of capital application determines the cost of financing water infrastructure and determines the allowed return on equity and debt. This ensures funds are available to make critical investments in water mains, wells, pumps, reservoirs and water treatment facilities.
- San Gabriel is requesting an increase in its cost of capital so it can attract equity capital and secure long-term debt (loans and financial obligations longer than one year) for the purpose of making infrastructure improvements necessary to provide safe and reliable water service.

**How could this affect my water bill?**

If San Gabriel's requested cost of capital is approved by the CPUC, the average residential customer's monthly bill (based on a 5/8" x 3/4" meter and 12 hundred cubic feet (CCF) of water used per month) will increase by \$2.07 or 2.6% beginning January 2024.

Schedule LA-1 & LA-1C Monthly Service Charge				
Meter Size	Present Rates	2024 Rates (Proposed)	Increase	% Increase
5/8" x 3/4"	\$27.14	\$27.88	\$0.74	2.7%
3/4"	\$40.71	\$41.82	\$1.11	2.7%
1"	\$67.86	\$69.71	\$1.85	2.7%
1 ½"	\$135.69	\$139.39	\$3.70	2.7%
2"	\$217.16	\$223.09	\$5.93	2.7%
3"	\$407.06	\$418.17	\$11.11	2.7%

Schedule LA-1 & LA-1C Quantity Rate Per CCF				
Residential	Present Rates	2024 Rates (Proposed)	Increase	% Increase
0 to 11 CCF	\$4.0121	\$4.1216	\$0.1095	2.7%
Over 11 Ccf	\$4.5398	\$4.6637	\$0.1239	2.7%
Non-Residential				
All Usage	\$4.1746	\$4.2886	\$0.1140	2.7%

**How does the rest of this process work?**

This application will be assigned to a CPUC Administrative Law Judge who will consider proposals and evidence presented during the formal hearing process. The Administrative Law Judge will issue a proposed decision that may adopt San Gabriel's application, modify it, or deny it. Any CPUC Commissioner may sponsor an alternate decision with a different outcome. The proposed decision, and any alternate decisions, will be discussed and voted upon by the CPUC Commissioners at a public CPUC Voting Meeting.

Parties to the proceeding are currently reviewing San Gabriel's application, including the Public Advocates Office, which is an independent consumer advocate within the CPUC that represents customers to obtain the lowest possible rate for service consistent with reliable and safe service levels. For more information, please call **1-415-703-1584**, email [PublicAdvocatesOffice@cpuc.ca.gov](mailto:PublicAdvocatesOffice@cpuc.ca.gov), or visit [PublicAdvocates.cpuc.ca.gov](http://PublicAdvocates.cpuc.ca.gov).

Your participation by providing your thoughts on San Gabriel's request can help the CPUC make an informed decision. Please visit [apps.cpuc.ca.gov/c/AXX-XX-XXX](https://apps.cpuc.ca.gov/c/AXX-XX-XXX) to submit a comment about this proceeding on the CPUC Docket Card. Here you can also view documents and other public comments related to this proceeding.

**Where can I get more information?****Contact San Gabriel**

Phone: **1-626-448-6183**

Email: [waterrates@sgvwater.com](mailto:waterrates@sgvwater.com)

Mail: San Gabriel Valley Water Company  
11142 Garvey Avenue  
El Monte, CA 91733

**Contact CPUC**

Please visit [cpuc.ca.gov/XXX](https://apps.cpuc.ca.gov/XXX) to submit a comment about this proceeding on the CPUC Docket Card. Here you can also view documents and other public comments related to this proceeding.

If you have questions about CPUC processes, you may contact the CPUC's Public Advisor's Office at:

Phone: **1-866-849-8390** (toll-free) or **1-415-703-2074**

Email: [Public.Advisor@cpuc.ca.gov](mailto:Public.Advisor@cpuc.ca.gov)

Mail: CPUC Public Advisor's Office  
505 Van Ness Avenue  
San Francisco, CA 94102

Please reference **Application A.XX-XX-XXX** in any communications you have with the CPUC regarding this matter.

*Para más información en cómo este cambio impactará su factura, llame al 909-822-2201.*

**NOTICE OF APPLICATION  
SAN GABRIEL VALLEY WATER COMPANY  
REQUEST TO INCREASE WATER RATES  
FONTANA WATER COMPANY DIVISION  
COST OF CAPITAL APPLICATION A.XX-XX-XXX**

**Why am I receiving this notice?**

On May 1, 2023, San Gabriel Valley Water Company (San Gabriel) filed its cost of capital Application A.XX-XX-XXX with the California Public Utilities Commission (CPUC). In the application, San Gabriel is requesting an increase in its cost of capital, which is the rate of return the utility is authorized to earn on its investments in critical infrastructure to deliver safe and reliable water service. If the CPUC approves this application, San Gabriel's total revenue requirement will increase by 2.4%, or \$4,490,000 beginning January 2024. This will impact your bill.

**Why is San Gabriel requesting this rate increase?**

- Every three years San Gabriel is required to file a cost of capital application with the CPUC.
- The cost of capital application determines the cost of financing water infrastructure and determines the allowed return on equity and debt. This ensures funds are available to make critical investments in water mains, wells, pumps, reservoirs and water treatment facilities.
- San Gabriel is requesting an increase in its cost of capital so it can attract equity capital and secure long-term debt (loans and financial obligations longer than one year) for the purpose of making infrastructure improvements necessary to provide safe and reliable water service.

**How could this affect my water bill?**

If San Gabriel's requested cost of capital is approved by the CPUC, the average residential customer's monthly bill (based on a 5/8" x 3/4" meter and 15 hundred cubic feet (CCF) of water used per month) will increase by \$1.96 or 2.3% beginning January 2024.

Schedule FO-1 & FO-1C Monthly Service Charge				
Meter Size	Present Rates	2024 Rates (Proposed)	Increase	% Increase
5/8" x 3/4"	\$20.61	\$21.10	\$0.49	2.4%
3/4"	\$30.89	\$31.62	\$0.73	2.4%
1"	\$51.49	\$52.71	\$1.22	2.4%
1 1/2"	\$102.96	\$105.39	\$2.43	2.4%
2"	\$164.73	\$168.62	\$3.89	2.4%
3"	\$308.91	\$316.21	\$7.30	2.4%

Schedule FO-1 & FO-1C Quantity Rate Per CCF				
Residential	Present Rates	2024 Rates (Proposed)	Increase	% Increase
0 to 14 CCF	\$4.1069	\$4.2039	\$0.0970	2.4%
Over 14 Ccf	\$4.6500	\$4.7599	\$0.1099	2.4%
Non-Residential				
All Usage	\$4.2667	\$4.3675	\$0.1008	2.4%

**How does the rest of this process work?**

This application will be assigned to a CPUC Administrative Law Judge who will consider proposals and evidence presented during the formal hearing process. The Administrative Law Judge will issue a proposed decision that may adopt San Gabriel's application, modify it, or deny it. Any CPUC Commissioner may sponsor an alternate decision with a different outcome. The proposed decision, and any alternate decisions, will be discussed and voted upon by the CPUC Commissioners at a public CPUC Voting Meeting.

Parties to the proceeding are currently reviewing San Gabriel's application, including the Public Advocates Office, which is an independent consumer advocate within the CPUC that represents customers to obtain the lowest possible rate for service consistent with reliable and safe service levels. For more information, please call **1-415-703-1584**, email [PublicAdvocatesOffice@cpuc.ca.gov](mailto:PublicAdvocatesOffice@cpuc.ca.gov), or visit [PublicAdvocates.cpuc.ca.gov](http://PublicAdvocates.cpuc.ca.gov).

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**Where can I get more information?****Contact San Gabriel**

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Mail: CPUC Public Advisor's Office  
505 Van Ness Avenue  
San Francisco, CA 94102

Please reference **Application A.XX-XX-XXX** in any communications you have with the CPUC regarding this matter.

**ATTACHMENT E**

**Minimum Data Requirements & Affordability Metrics**  
**Cross-References to Exhibits and Testimony**

<b>Item No.</b>	<b>Description</b>	<b>Cross-Reference</b>
A	Most recent authorized return on equity and rate of return on rate base, with reference to decision number	EXHIBIT SG-3 (Harris), ATTACHMENT B
B	Actual return on equity and return on rate base annually for past five years	EXHIBIT SG-3 (Harris), ATTACHMENT B
C	Proposed capital structure and rate of return	EXHIBIT SG-3 (Harris), TABLE A
D	Long-term debt	
	1. Sinking fund amounts for each issue, by year	EXHIBIT SG-3 (Harris), p. 8
	2. Retirements for each issue	EXHIBIT SG-3 (Harris), p. 8
	3. Interest rates for each issue	EXHIBIT SG-3 (Harris), TABLE B
	4. Terms of each issue	EXHIBIT SG-3 (Harris), p. 8 and TABLE B
	5. Cost of issuance for each issue	EXHIBIT SG-3 (Harris), TABLE B
	6. Name of lender for each issue	EXHIBIT SG-3 (Harris), p. 8
	7. Formula for new issues	EXHIBIT SG-3 (Harris), ATTACHMENT A
	8. S&P rating	EXHIBIT SG-3 (Harris), p. 9
E	Ratings Agencies	
	a. Contact information	EXHIBIT SG-3 (Harris), p. 9
	b. Provide on ongoing basis	EXHIBIT SG-3 (Harris), p. 9
F	Actual rate base by division	EXHIBIT SG-3 (Harris), ATTACHMENT B
G	Workpapers	
	a. Copies	Provided to Pub. Advocates Office
	b. Supporting documentation for ROE models	EXHIBIT SG-1 (D'Ascendis), ATTACHMENT B
N/A	D.22-08-023 Affordability Metrics	EXHIBIT SG-3 (Harris), ATTACHMENT C